

East Devon Review of Policies on Poverty

East Devon Actions proposed:

Council should have two basic aims, that:-

- No one in East Devon is destitute without immediate help, and
- Nobody is in involuntary poverty for more than two years duration.

To achieve this EDDC should address the following key issues:

- Boost incomes and reduce relative housing costs through our Economic Strategy;
- Work with partners to deliver an effective benefit system;
- Improve work placements and work with Business and Public Sector to improve education standards and raise skills throughout the working population
- Strengthen families and communities to help those at risk of poverty; and
- Promote long-term economic growth sectors to reduce dependency on agriculture, tourism and catering industries

Background

Following a Council resolution, a presentation was delivered to Overview by John Golding in March 2019, themes were agreed for a localised investigation and analysis of poverty and related social welfare issues. Work with Devon Strategic Partnership was agreed and we set a timetable for action set to end July 2019 and a report back on the findings was expected. At the same meeting, a list of suggestions was appended for action by East Devon District Council.

In the meantime, Overview is asked to look at a range of suggestions put forward for immediate action by this Authority. Since the Devon Strategic Partnership Welfare task group were timetabled to report in July, we expect further initiatives through this autumn

Poverty can be defined relative to income as relative income poverty or absolute poverty. In relative poverty, each household's income, adjusted for family size, is compared to median income. *(The median is the "middle" income: half of the people have more than the median and half have less.)* Those with less than 60 per cent of median income are classified as poor. This 'poverty line' is the agreed international measure used throughout the European Union. This is used in the UK

Absolute poverty by contrast is about being destitute; about not having enough for basic needs <http://www.jrf.org.uk/sites/files/jrf/poverty-definitions.pdf>

The relative poverty threshold is around £195 a week for a lone parent with two children. Using this definition there are over 3 million UK children living in poverty. Shockingly almost half of these children (1.4 million) live in families with a household income far below this – an average of £124 per week for one adult and two children. At least half of the children living in poverty have a parent who works, showing that low paid work is just as likely to cause financial hardship as reliance on benefits. <http://www.family-action.org.uk/section.aspx?id=691> **58% of those in poverty are in "persistent poverty"** (people who would also have fallen below the poverty line in at least two of the last three years). This is as of 2015/16

A new way of measuring poverty is being adopted

One of the biggest criticisms of our welfare system is that only focuses on one standard – income. It makes no allowance for inescapable costs of different situations in households with children, with disability, with long-term illness costs, with different housing costs or with inescapable debts.

Therefore the DWP is moving to one of the most comprehensive measures of poverty on offer at the moment. It is produced by the [Social Metrics Commission](#) (SMC). The SMC is an independent group of experts who have been working to improve the way we understand and measure poverty in the UK. Last autumn they published their [first estimates as follows](#):

Around 22% of the public are in poverty and nearly 33% of children. Nearly half (48%) of people in poverty live in a family where someone is disabled.

The SMC's estimate of 11% of pensioner households in poverty compares favourably with the Government's own measure, which places pensioner poverty at 14%. Age UK also reported that a key driver of poverty amongst this older group is "the impact of an unexpected expense"

The Practical implications of poverty are that you do not have enough money for:-

- heating to keep home adequately warm;
- a damp-free home;
- two meals a day;
- the ability to visit friends or family in hospital or other institutions;
- the ability to replace or repair broken electrical goods;
- fresh fruit and vegetables every day
- celebrations on special occasions;
- all recommended dental treatment;
- a warm, waterproof coat;
- the ability to attend weddings, funerals and the like;
- meat, fish or vegetarian equivalent every other day;
- curtains or window blinds;
- household contents insurance;
- enough money to keep your home in a decent state of decoration;
- hobby/leisure activity;
- appropriate clothes for job interviews;
- table and chairs at which all the family can eat;
- for taking part in sport/exercise activities or classes;
- for two pairs of all-weather shoes;
- for regular savings of at least £20 per month for future financial challenges;
- for regular payments to a pension.

What are the causes of poverty?

1) Catastrophic events

- a. Accident or severe illness
- b. Family breakdown and separation
- c. Job loss
- d. Self-employment failure

2) Low skills-low pay

- a. Low education achievement
- b. Low self-esteem
- c. Inadequate experience and contacts

3) Single parent

An estimated 50% of children in poverty are in single-parent households

4) Disability

Some 3,000 people in East Devon claim ESA. Under the SMC's measure, nearly half of people in poverty (48.3%) are living in families with a disabled person. Disabled people are at higher risk of becoming trapped in poverty because disabled people frequently face costs of the adaptations, specialised transport, warmth and support that are needed.

5) Addiction/ Substance abuse

Alcohol and drugs can cause a cycle of deprivation, family breakdown and job loss. Poverty is in 50% of families where one adult drinks to excess. Gambling addiction also wrecks lives.

6) Old Age

- a. Those over 50 have much-reduced chance of re-employment and even less chance of skills training. Half will never be re-employed if they lose their job
- b. Inadequate pensions from loss of jobs or plateaus in pension entitlement lead to low retirement incomes
- c. Old Age Pension is now inadequate by itself

7) Rising Housing costs

This is not only rent cost inflation but short tenures and the failure of housing benefit to keep up. 31% of pensioners who rent are in poverty (2/3 in Social rent). The Chartered Institute of Housing report that the cumulative effect of the changes to Local Housing Allowance rates is that “an increasing majority” of private tenants are finding there is a “widening gap between the rent they pay and the help they get in their benefit to cover it”. StepChange, estimated this applied to around one third of their clients who live in the private rented sector. This group are a “highly vulnerable poor who are likely to be in persistent poverty struggling to meet their basic needs”

8) Domestic Abuse

One of the hidden factors in poverty is not only the physical abuse causing family breakdown but the controlling abuse of one partner restricting essential living funds

9) Benefits changes and delays

The 5-week break in income from Universal Benefit plus shortages in housing benefit have been accompanied by a wide range of welfare restrictions including working tax credit and family allowance. Over two thirds (69%) of people in poverty live in families where no adult saves

10) Contracts of employment

- a. Zero-hours contracts / insecure work / seasonal work
- b. Part-time work
- c. Low pay-low prospect industries

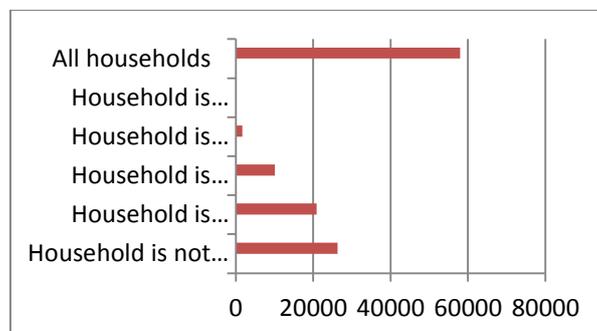
Lone parent households are much more likely to be in poverty than other types, for example: 52% are poor, compared to just 11% and 9% of couples without children and pensioner couples respectively

Workless Households (where there is no adult in work) show 68% of households are in poverty, compared to just 9% of households where all adults are in work. However Working-age people in poverty are increasingly likely to be in working families

Women, “86% of savings to the Treasury through tax and benefit changes since 2010 came from women” at the end of 2017

East Devon Deprivation

Office of National Statistics shows some 11,956 households in East Devon have 2 or more scores for deprivation but this drops to 1,187 households for 3 or more. The highest numbers of households in deprivation are in Exmouth Town, Exmouth Littleham, Exmouth Withycombe, Honiton St. Michaels, Honiton St Pauls, Sidford and Seaton. Each Ward has 100 or more households in deprivation on 3 or 4 dimensions. **Action in these 7 wards would halve serious deprivation in East Devon**



In East Devon, Public Health Devon official statistics show 8.7% of people in income deprivation, 9.6% of households are in fuel poverty. 9.2 % of pensioners are in poverty 16% of households have

no car or van. 10.3% of East Devon children are in low-income families. Half of these children are in working families. After the cost of housing is taken into account, 22% of East Devon Children are growing up in poverty. **This means 6,344 children are in poverty - each one an individual.**

Trends

Between 2000 and 2008 there was a marked reduction in pensioner and child poverty but the financial crisis and austerity measures have worsened the situation since 2016. Austerity measures and Universal Benefit changes coupled with benefit freezes are increasing numbers in poverty. 50% of child poverty is in working families especially in 4 sectors: Food Services, Agriculture, Administration and Wholesale/retail sectors. These sectors are where a significant proportion of the East Devon population work.

Most poverty rates aren't all that different from what they were at the start of the 2000s. The most marked reduction has been in pensioner poverty, it is almost half as common as it was back in 2000, while rates for working-age adults are now slightly higher. Poverty rates fell in the years after 2010, as the UK recovered from the financial crisis, but are now showing clear signs of rising again.

Benefits are eroding: The value of benefits, for people in and out of work, has been steadily eroded by "uprating changes", the shift from Retail Price Index to Consumer Price Index in 2011, and the 1% limit from 2013. Even without any further changes, this would have contributed to a reduction in financial security for many of the households that DWP supports. This includes people who are wholly reliant on benefits, and people who need benefits to top-up income from low-paid work. The Commons Work and Pensions Committee in cooperation with the National Audit Commission has just issued a report (July 2019) heavily criticising the Department of Work and Pensions in terms of policy, complexity and accountability:-

"It is difficult to avoid concluding that the Department lacks the tools and insight to fully understand and evaluate the impact of its reforms on some of the most vulnerable people it supports"

Expectations of increased food and energy costs post Brexit will worsen the trends noted above.

Local authorities have a statutory duty to:

- Assess and keep housing conditions under review
- Take enforcement action to address the most serious health and safety hazards
- Licence large Houses in Multiple Occupation (HMO)
- Administer and approve Disabled Facilities Grants
- Prepare plans to improve home energy efficiency

They also have powers to:

- provide financial and other assistance to tackle poor house conditions
- deal with empty homes and
- deal with poor management in HMOs. Where a landlord has committed a relevant offence, a tenant or local housing authority may apply for an order requiring repayment of rent to the tenant/local housing authority

Conclusions and recommendations

National Issues

Welfare Benefits

Prejudice about "the undeserving poor" has been discredited. While no-one denies a small portion of welfare goes to benefit cheats, the vast majority would not wish to remain in poverty. Nationally the Social Security changes instituted during austerity need to be re-evaluated. The *delivery* of Universal Credit has been a failure although the concept was a good one to allow people to work themselves out of poverty. Brexit will worsen the situation. The Parliament's Welfare Committee

report is highly critical of detailed aspects of DWP and welfare allowances. At present, over £24bn a year is paid by the taxpayer to people on Housing Benefit. This money then goes to the Landlord. It is a regressive benefit because rather than a progressive one which lifts people out of poverty

Housing Policy. A realistic adjustment of housing benefit is needed alongside enhanced National Planning Policy Guidance for affordable and social housing. Rent tenure changes and charges need to be seriously modified to allow long tenures without interim charges. Council should lobby for continued reform of tenancies, and a new Housing Act which undoes some of the changes introduced in 1988 (e.g. Section 21). We need the return of soft and sensible rent controls, not a hard and strict cap but by reviving the role of the Fair Rent Officer to take decisions case by case. This might help make the market more affordable for our local residents while we all wait for the new social housing we so desperately need. Standards of rental accommodation with legal penalties for breaches need to be imposed

Employment Contracts need to be significantly altered to eliminate Zero-hours contracts and improve short-term contract terms

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- No one in East Devon is destitute without immediate help, and
- Nobody is in poverty for more than two years duration.

To achieve this we should address the following key issues:

- Boost incomes and reduce relative housing costs;
- Work with partners to deliver an effective benefit system;
- Deliver actions with Business and Public Sector to improve education standards, raise skills and improve work placements;
- Strengthen families and communities to help those at risk of poverty; and
- Promote long-term economic growth to reduce dependency on agriculture, tourism and catering industries

Specific Action with Partners:

Cabinet should organise lobbying of Government Policymakers by the Council and with Partners
Aimed to improve Welfare, Housing Policy and Employment Law using this report as a basis.

There is now a general power to give financial assistance for home repairs, providing the Council has a published policy for providing such assistance. Council should develop a clear Private Sector Housing strategy which plays a key part in delivering the various duties and powers the Council has regarding housing, such as:

- assessing the quality, condition and management of the housing stock in the private sector
- tackling poor housing conditions and take action where they do not meet the requirements of the Decent Homes Standard
- developing measures to bring empty properties back into use
- helping to drive up standards of property management in the private sector
- helping to improve homes through grant assistance in respect of Disabled Facilities Grants (DFGs)
- preventing and reducing homelessness
- improving energy efficiency and reducing carbon emissions from housing. From April 2018, it is unlawful for a landlord to rent out a residential property that does not reach a minimum energy efficiency standard. The intention is for the minimum standard to be set at EPC rating E.;

- administering and enforcing mandatory HMO (house in multiple occupation) licensing

We cannot deliver the aims of such a strategy alone and it will only be achieved with the assistance of partners and with Devon Home Choice

Devon Strategic Partnership should report on poverty mapping and should include actions regarding:

- Welfare Benefit Policies
- Homelessness
- Exeter and Heart of Devon local Economy actions on jobs
- Health and wellbeing integrated developments
- Broadband
- Food Banks
- Discretionary funding and match-funding with grants
- Review of Priorities

Action with DCC and Skills Agency Can improve skills and employment career advice to schools and links with SMEs through coordination with Jobcentres:-

- **Work with EHOD Partners** including Skills Agency to enhance skills in Admin. Food Supply, Wholesale/Retail and Agriculture especially to counter Brexit damage
- Work with Partners to support low-income residents into higher paid employment and raise skills, attainment and life chances.

Encourage Clinical Commissioning Group and County Council focus on poverty alleviation through coordination with the District Council

- Work with partners to improve health outcomes for people on low incomes, including physical and mental health.
- Apply rigour with transport licensing to improve rural and town access

Potential key areas of focus for the Council's own action going forward:

- All relevant services and policies to be subject to "poverty proofing" by a report to Overview when each Service Plans and budget is being developed
- Economic Development to prioritise Business support for Technology, Professional Services and Manufacturing businesses.
- Economic Development to counter stereotypes of age in employment practises by suitable fact-based engagement with employers
- Planning to be supportive in Planning applications for Technology, Professional Services and Manufacturing businesses.
- Contract to AED or similar entity to crowdfund (and raise donations and legacies) and then administer an emergency help fund to help with catastrophic life events. Find grant funds for emergency bridging loans and signpost help
- Specific EDDC local action integrated with volunteers to focus on key families based on the success of the Troubled Families Programme including creche, early years and childcare facilities; food clubs to improve nutrition; mums and dads clubs to improve parenting and homework and food facilities for children
- A specific EDDC action research project to focus on disability and chronic ill health:
 - Evaluation by Housing Department of disability affects in our social housing stock

- Research by Policy Planning Department on design standards which inform policies to address poverty amongst disabled people.
- Advisory help on home adaptations grants and methods for the disabled and elderly using Disabled facilities grants, Warm Home grants etc.
- Mechanisms for mapping and enabling key volunteer agencies with committed 3-year funding support based on performance goals
- Strengthening Community team action to build self-help among community volunteers
- A Grant fund contributing to revenue funding of Foodbanks for the next 3 years
- EDDC Community team to engage the Faith and Voluntary sector in an audit of what help exists in East Devon and plan how to help this sector can efficiently harmonise with statutory bodies
- Support residents to access benefits and respond to the impacts of welfare reform and Brexit.
- Work with voluntary sector partners to provide debt advice and financial advice.

For example UC claimants are able to access the Jobcentre Plus Flexible Support Fund (FSF)—a discretionary fund, controlled by Work Coaches—to cover the up-front costs of childcare, if these would otherwise present a barrier to work. Universal Credit claimants are required to pay for childcare upfront, and claim the money back from DWP. Initial costs, including deposits, can run to hundreds of pounds: costs that may be prohibitive for people with no savings or immediate income. The Flexible Support Fund can be used to meet these costs.

- Promote and signpost residents to sources of affordable finance.
- Support residents in fuel and water poverty to reduce their energy and water bills.
- Continue to promote the Living Wage to employers through Economic Development.
- Work with local businesses to identify ways that they might use their skills, capacity and resources to support the achievement of shared objectives around poverty and disadvantage.
- Continue to promote digital access for residents on low incomes with a PC loan fund.
- Continue to promote volunteering as a means to develop skills and employability and build communities.
- Promote community pride and cohesion through supporting a range of community events and celebrations to raise funds to alleviate immediate poverty.
- Construct new Council homes, working with social landlords and developers to deliver more affordable homes.
- Provide housing, employment and skills support for homeless people.
- Deliver a range of projects to support groups of people that are more likely to experience poverty, including women, children and substance abuser

References to background information:

Report of the House of Commons Work and Pensions Committee July 2019

Office on National Statistics 2019

Measuring Poverty 2018 Social Metrics Commission

UK Poverty 2017 Joseph Rowntree Foundation
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Homes (Fitness for Human Habitation) Act and the Tenant Fees Act
Valuation Office - Private Rental Market Summary Statistics

Link to Council Plan: Outstanding communities and economy.